

Message Text

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67

ORIGIN EB-31

INFO OCT-01 L-03 AF-10 ARA-16 EA-11 EUR-25 NEA-10 RSC-01

ISO-00 COME-00 H-03 CIAE-00 INR-10 NSAE-00 OPIC-12

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INT-08 DRC-01 SS-20 SPC-03 NSC-07 /191 R

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C O R R E C T E D COPY (OMISSIONS IN PARA 4 SUBPARA 21)

YAOUNDE FOR EQUATORIAL GUINEA

E.O. 11652: N/A

TAGS: EIND, EFIN

SUBJECT: FOREIGN INVESTMENT CLIMATE AND STATISTICS

REF: (A) STATE A-1975 (MARCH 6, 1973)

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(B) STATE A-8843 (OCTOBER 25, 1973)

1. SUMMARY

POSTS ARE REQUESTED TO UPDATE FOREIGN INVESTMENT STATISTICS AND NARRATIVE STATEMENTS ON INVESTMENT CLIMATE REPORTED LAST YEAR. AGAIN THIS YEAR, THE STATEMENTS ON INVESTMENT CLIMATE WILL COMPRISE A COMPENDIUM WHICH WILL BE PUBLISHED AND DISTRIBUTED TO GOVERNMENT AGENCIES AND TO BUSINESSMEN AND ORGANIZATIONS, USED BY DEPARTMENT OFFICIALS AS WITNESS MATERIAL FOR CONGRESSIONAL HEARINGS (INCLUDING THOSE HELD BY THE SENATE SUBCOMMITTEES ON MULTINATIONAL CORPORATIONS AND ON FOREIGN COMMERCE AND TOURISM) AND INCLUDED IN THE SECRETARY'S FACT BOOK AND IN THE DEPARTMENT'S INFORMATION RETRIEVAL SYSTEM.
END SUMMARY.

2. THE INVESTMENT CLIMATE AND STATISTICS DATA HAVE BEEN A VALUABLE AID TO GOVERNMENTAL POLICYMAKING. FOR EXAMPLE, THE MARKED INCREASE IN FOREIGN INVESTMENT COMING INTO THE U.S. HAS GENERATED INTEREST IN THE POLICIES OF FOREIGN GOVERNMENTS TOWARD INWARD INVESTMENT.

THESE DATA HAVE ALSO PROVED USEFUL IN THE PREPARATION OF U.S. MATERIALS AND POSITIONS FOR OECD MEETINGS, INCLUDING DAC.

3. POSTS ARE REQUESTED TO POUCH OR TELEGRAPH REPLIES BY APRIL 12. THE TEXTUAL STATEMENT ON INVESTMENT CLIMATE SHOULD INCLUDE ALL ARTICLES, PREPOSITIONS, ETC.

4. INVESTMENT CLIMATE

POSTS ARE ASKED TO FURNISH A CANDID AND DETAILED NARRATIVE STATEMENT ON THE CLIMATE FOR DIRECT FOREIGN INVESTMENT (DFI) IN THEIR COUNTRIES. ASPECTS OF THE CLIMATE WHICH ARE CONSIDERED SIGNIFICANT WILL VARY FROM COUNTRY TO COUNTRY, BUT MIGHT INCLUDE SOME OF THE FOLLOWING:

1) ATTITUDE OF THE GOVERNMENT AND OTHER DOMESTIC
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GROUPS TOWARD DFI, AND MORE GENERALLY TOWARD THE ROLE OF THE PRIVATE SECTOR IN THE ECONOMY;

2) PROPOSED OR EXISTING LAWS AND PRACTICES WHICH RESTRICT, SCREEN, OR OFFER INCENTIVES TO DFI, INCLUDING THOSE DIRECTED AT SPECIFIC REGIONS, INDUSTRIES, OR TECHNOLOGIES;

3) TARIFF, NON-TARIFF, TAX, AND SUBSIDY POLICIES AND PRACTICES WHICH AFFECT (A) THE FOREIGN FIRM'S CHOICE BETWEEN EXPORTING TO THE LOCAL MARKET OR INVESTING IN IT, (B) SOURCING OF INPUTS AND EQUIPMENT, AND (C) THE QUALITY AND NATURE OF ITS OUTPUT;

4) FOR DEVELOPING COUNTRIES, DEVELOPMENT POLICIES WHICH AFFECT THE DECISION TO INVEST (E.G., IMPORT-SUBSTITUTING POLICIES), THE CHOICE OF CAPITAL- OR LABOR-INTENSIVE TECHNIQUES (E.G., SUBSTANTIAL FRINGE BENEFIT PROVISIONS, HIGH WAGE POLICIES IN THE MODERN SECTORS, FISCAL INCENTIVES TO USE LABOR), OR THE AMOUNT OF BENEFITS ACCRUING TO THE HOST COUNTRY (E.G., TAXES PAID, EMPLOYMENT GOALS);

5) NATURAL RESOURCE MANAGEMENT AND INVESTMENT POLICIES;

6) GOVERNMENTAL ADMINISTRATIVE PRACTICES;

7) OWNERSHIP POLICIES, INCLUDING JOINT VENTURE REQUIREMENTS;

8) AGGREGATE ECONOMIC POLICIES, INCLUDING DEMAND, INFLATION, CREDIT, EXPORT CONTROL, AND PRICE AND WAGE CONTROL POLICIES;

9) AGGREGATE ECONOMIC PERFORMANCE;

10) INDUSTRIAL POLICIES FAVORING THE DEVELOPMENT OF CERTAIN INDUSTRIES;

11) RULES ON LOCAL PROCUREMENT OF RAW MATERIALS AND INTERMEDIATE INPUTS;
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12) RULES ON LOCAL EMPLOYMENT AND SPECIAL FEATURES OF LABOR-MANAGEMENT RELATIONS;

13) GOVERNMENT PROCUREMENT POLICIES;

14) RULES ON EXPORT GOALS FOR FOREIGN INVESTORS;

15) FIXING PRICES, TERMS OR CONDITIONS TO BE OBSERVED IN DEALING WITH OTHER ENTERPRISES IN THE PURCHASE, SALE OR LEASE OF PRODUCTS;

16) APPLICATION OF ANTI-TRUST LAWS, HOST COUNTRY OR U.S.;

17) FOR DEVELOPING COUNTRIES, THE AVAILABILITY AND
USAGE OF OPIC'S POLITICAL RISK INSURANCE;

18) EXISTENCE OF FCN, AER AND DOUBLE-TAXATION
TREATIES WITH THE U.S.;

19) PROBLEMS CREATED BY EXTRATERRITORIAL APPLICATION
OF HOST COUNTRY OR U.S. LAWS;

20) INCIDENCE OF EXPROPRIATIONS OR INCONVERTIBILITY
RESTRICTIONS; AND

21) APPLICATION OF PATENT, ROYALTY, TECHNOLOGY AND
OTHER LAWS AFFECTING TECHNOLOGY TRANSFER.

ALL POSTS SHOULD DEVOTE ONE OR TWO SENTENCES TO INVEST-
MENT STATISTICS, AND DESCRIPTION OF THE CURRENT PATTERN
OF FOREIGN INVESTMENT INFLOWS. EAST EUROPEAN POSTS
(AND USLO PEKING) MAY WISH TO DISCUSS INVESTMENT IN THE
BROAD FRAMEWORK OF COOPERATIVE VENTURES, INCLUDING
PRODUCTION SHARING ARRANGEMENTS, ESPECIALLY WHERE
MANAGEMENT SERVICES AND TECHNOLOGY ARE PROVIDED ON A
CONTINUING BASIS BY THE AMERICAN PARTNER. POSTS MAY
ALSO DRAW ON THE MULTINATIONAL CORPORATION REPORTING
GUIDE (REF. B) FOR OTHER POINTS WHICH, AT THE POST'S
DISCRETION, MIGHT BE COVERED IN THE NARRATIVE.
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5. THE VALUE OF THE NARRATIVES ON INVESTMENT CLIMATE
LIES IN THEIR CANDID DESCRIPTION AND ANALYSIS OF ACTUAL
INVESTMENT CONDITIONS. IN PREPARING THE NARRATIVE, IT
IS HELPFUL TO KEEP IN MIND THAT THEY ARE DESIGNED FOR
USE BY GOVERNMENT POLICYMAKERS AS WELL AS BY BUSINESSMEN.
THEREFORE, POSTS SHOULD PLACE A PREMIUM ON ANALYSIS
WHICH SUPPLEMENTS DESCRIPTION. THE NARRATIVES SHOULD
NOT INCLUDE INFORMATION ON WHERE TO GO AND WHOM TO
SEE. THIS IS AVAILABLE FROM ALTERNATIVE SOURCES.

6. THIS YEAR'S INVESTMENT CLIMATE COMPENDIUM WILL
INCLUDE A SHORT SECTION ON "RECENT DEVELOPMENTS"-MAJOR
CHANGES IN THE INVESTMENT CLIMATE SINCE LAST YEAR'S
COMPENDIUM WAS PREPARED. POSTS ARE ASKED TO PROVIDE
ONE OR TWO SHORT SENTENCES SUMMARIZING SUCH CHANGES,
IF ANY, FOR USE IN THIS SECTION. IF THERE HAS BEEN NO
MARKED CHANGE, NO SUBMISSION IS EXPECTED.

7. NARRATIVE STATEMENTS SHOULD NOT EXCEED ONE PAGE,
I.E., 48 LINES WITH 60-65 CHARACTERS PER LINE,
INCLUDING TITLES. POSTS MAY RELY ON LAST YEAR'S

STATEMENT TO THE EXTENT THEY DESIRE. IF LAST YEAR'S STATEMENT DOES NOT NEED ANY CHANGE, SIMPLY SAY SO IN THE REPLY, WITHOUT TRANSMITTING THE TEXT.

8. INVESTMENT STATISTICS

POSTS ARE ASKED TO DEVELOP ESTIMATES FOR THE FOLLOWING DATA:

A. U.S. DIRECT INVESTMENT (BOOK VALUE) AT THE END OF 1972, BROKEN DOWN BY SECTORS:

- TOTAL, ALL INDUSTRIES
- MINING AND SMELTING
- PETROLEUM
- MANUFACTURING
- OTHER INDUSTRIES

B. DIRECT INVESTMENT BY ALL COUNTRIES (BOOK VALUE)
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NOT BROKEN DOWN BY SECTOR, AT THE END OF 1972, FOR

- TOTAL, INCLUDING U.S.
- OTHER COUNTRIES (TOP THREE)

C. DIRECT INVESTMENT IN THE U.S. BY FOREIGNERS
(BOOK VALUE, NOT BROKEN DOWN BY SECTOR) AT THE END OF 1972.

THESE DATA ARE CONSISTENT WITH THOSE REQUESTED LAST YEAR (REF. A). PLEASE DETAIL DATA SOURCES. POSTS IN COUNTRIES FOR WHICH DATA ON A AND C HAVE BEEN PUBLISHED IN THE SURVEY OF CURRENT BUSINESS NEED NOT COMPLETE THESE ITEMS. KISSINGER

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